

Opening Statement of the Honorable Tim Murphy
Subcommittee on Oversight and Investigations
Hearing on “The Center for Consumer Information and Insurance Oversight and the
Implementation of the Patient Protection and Affordable Care Act”
April 24, 2013

(As Prepared for Delivery)

I convene this hearing of the Subcommittee on Oversight and Investigations to examine the Department of Health and Human Services’ management of the Affordable Care Act as we approach the January 1, 2014, deadline for full implementation. Mr. Gary Cohen, Deputy Administrator and Director of the Center for Consumer Information and Insurance Oversight, or CCIIO, is here to testify on behalf of HHS. CCIIO is responsible for implementing the Patient Protection and Affordable Care Act’s many changes to the private health insurance market.

Mr. Cohen and those at CCIIO certainly have their work cut out for them: At the beginning of next year full implementation of the PPACA will finally take place. On that day Americans have been promised the ability to purchase health insurance plans through new exchanges. The American people have been promised good coverage that is also affordable.

We all remember the many promises that were made in the rush to pass the PPACA by any means necessary. That if you liked your coverage you could keep it. Yet, we see many stories about impending doctor shortages, and companies faced with the tough decision of whether to continue providing coverage. The decision on whether to provide that coverage is related to another promise that will surely be broken: that the law will lower costs. One large health insurance company’s CEO has already noted that Americans should get ready for premium “rate shock.”

There is yet another promise that we are hearing more recently from the law’s defenders: that the health insurance exchanges will be ready for enrollment on October 1 and full implementation on January 1. Since only 18 states elected to establish their own exchanges, CCIIO is currently preparing the federally facilitated exchanges that will cover the other 26 states, along with the partnership exchanges CCIIO will operate with seven other states. I hope we will be able to hear today about the progress being made in building those exchanges.

Recently news reports have indicated—and even President Obama’s budget has confirmed—that the administration is seeking additional funding to operate the exchanges. This is troubling considering that a substantial amount of funding has already been expended building those exchanges and they have yet to even to begin. Today I expect the witness to provide a full accounting of where CCIIO stands with regards to building the federally operated exchanges and those that will be run in partnership with states, including where CCIIO is obtaining funding for these programs.

Since passage of the PPACA this committee has had many questions about the funding being used to implement the law. Most recently we have heard many stories about the health care law’s Prevention and Public Health Fund — most notably that money from this fund is being utilized to hire thousands of health care “navigators” who will assist the public in signing up for Obamacare. Considering that we have also heard that funding from the Prevention fund is being used on many different projects, we are concerned that it is being raided as an ever-ready piggy bank to throw money at and hide the many problems inherent with implementing Obamacare. I hope that Mr. Cohen will be able to address the potential over-utilization that has become so common the Washington Post has dubbed it “The incredible shrinking prevention fund.”

We have many concerns about those Navigators, including how they will be trained and supervised. CCIIO is actively soliciting Navigators from community and consumer groups, yet those that receive any compensation from insurance companies are prohibited from becoming Navigators. We recognize the need to have impartial Navigators, but the realities of the insurance market also indicate that those who

have been selling insurance for years may have some expertise. Furthermore, we have questions about what standards will be put in place to ensure that we are not simply paying groups chosen to be Navigators to pad their membership roles or funding drives.

Yet, this only scratches the surface of the many activities and responsibilities of CCIO. Today I hope we will also be able to discuss CCIO's ability to determine whether health insurance premium increases are legitimate. As I mentioned before, one large health insurer has already warned of "rate shock", and this is obviously a concern considering how supporters of Obamacare have consistently promised lower costs. Now, we all hear from supporters of the law that there are tax credits and subsidies available, but a recent study showed that only eight percent of the public will qualify for those subsidies. I hope we can hear from the witness today what the other 92 percent of us can expect.

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